

## **210 CONFLICT OF INTEREST – EDUCATION DISTRICT BOARD MEMBERS**

*[Note: The provisions of this policy substantially reflect legal requirements.]*

### **I. PURPOSE**

The purpose of this policy is to observe state statutes regarding conflicts of interest and to engage in education district business activities in a fashion designed to avoid any conflict of interest or the appearance of impropriety.

### **II. GENERAL STATEMENT OF POLICY**

It is the policy of the education district board to contract for goods and services in conformance with statutory conflict of interest laws and in a manner that will avoid any conflict of interest or the appearance thereof. Accordingly, the education district board will contract under the statutory exception provisions only when it is clearly in the best interest of the education district because of limitations that may exist on goods or services otherwise available to the education district.

### **III. GENERAL PROHIBITIONS AND RECOGNIZED STATUTORY EXCEPTIONS**

- A. An education district board member who is authorized to take part in any manner in making any sale, lease, or contract in his or her official capacity shall not voluntarily have a personal financial interest in that sale, lease, or contract or personally benefit financially therefrom.
- B. In the following circumstances, however, the education district board may as an exception, by unanimous vote, contract for goods or services with an education district board member of the education district:
  1. In the designation of a bank or savings association, in which an education district board member is interested, as an authorized depository for education district funds and as a source of borrowing, provided such deposited funds are protected in accordance with Minnesota Statutes chapter 118A. Any education district board member having said interest shall disclose that interest and the interest shall be entered upon the education district board minutes. Disclosure shall be made when such bank or savings association is first designated as a depository or source of borrowing, or when such education district board member is elected, whichever is later. Disclosure serves as notice of the interest and need only be made once;

2. The designation of an official newspaper, or publication of official matters therein, in which the education district board member is interested when it is the only newspaper complying with statutory requirements relating to the designation or publication;
3. A contract with a cooperative association of which the education district board member is a shareholder or stockholder but not an officer or manager;
4. A contract for which competitive bids are not required by law. A contract made under this exception will be void unless the following procedures are observed:
  - a. The education district board shall authorize the contract in advance of its performance by adopting a resolution setting out the essential facts and determining that the contract price is as low as or lower than the price at which the goods or services could be obtained elsewhere.
  - b. In the case of an emergency when the contract cannot be authorized in advance, payment of the claims must be authorized by a like resolution wherein the facts of the emergency are also stated.
  - c. Before a claim is paid, the interested education district board member shall file with the clerk of the education district board an affidavit stating:
    - (1) The name of the education district board member and the office held;
    - (2) An itemization of the goods or services furnished;
    - (3) The contract price;
    - (4) The reasonable value;
    - (5) The interest of the education district board member in the contract; and
    - (6) That to the best of the education district board member's knowledge and belief, the contract price is as low as, or lower than, the price at which the goods or services could be obtained from other sources.
5. An education district board member may contract with the education district to provide construction materials or services, or both, when the

sealed bid process is used. When the contract comes before the education district board for consideration, the interested education district board member may not vote on the contract. (*Note: This section applies only when the education district has a population of 1,000 or less according to the last federal census.*)

6. An education district board member may rent space in a public facility at a rate commensurate with that paid by other members of the public.
- C. In the following circumstances, the education district board may as an exception, by majority vote at a meeting at which all education district board members are present, contract for services with an education district board member of the education district: An education district board member may be newly employed or may continue to be employed by the education district as an employee only if there is a reasonable expectation on July 1, or at the time the contract is entered into or extended, that the amount to be earned by that education district board member under that contract or employment relationship, will not exceed \$20,000 in that fiscal year. If the education district board member does not receive majority approval to be initially employed or to continue in employment at a meeting at which all education district board members are present, that employment is immediately terminated and that education district board member has no further rights to employment while serving as an education district board member in the education district.

***[Note: The \$8,000 figure increased to \$20,000 effective July 1, 2022]***

- D. The education district board may contract with a class of education district employees, such as teachers or custodians, when the spouse of an education district board member is a member of the class of employees contracting with the education district board and the employee spouse receives no special monetary or other benefit that is substantially different from the benefits that other members of the class receive under the employment contract. For the education district board to invoke this exception, it must have a majority of disinterested education district board members vote to approve the contract, direct the education district board member spouse to abstain from voting to approve the contract, and publicly set out the essential facts of the contract at the meeting in which the contract is approved.

#### **IV. LIMITATIONS ON RELATED EMPLOYEES**

- A. The education district board must hire or dismiss teachers only at duly called meetings. When a husband and wife, brother and sister, or two brothers or sisters, constitute a quorum, no contract employing a teacher may be made or authorized except upon the unanimous vote of the full education district board.
- B. The education district board may not employ any teacher related by blood or marriage to an education district board member, within the fourth degree as

computed by the civil law, except by a unanimous vote of the full education district board.

## **V. CONFLICTS PRIOR TO TAKING OFFICE**

An education district board member with personal financial interest in a sale, lease, or contract with the education district which was entered before the education district board member took office and presents an actual or potential conflict of interest, shall immediately notify the education district board of such interest. It shall thereafter be the responsibility of the education district board member to refrain from participating in any action relating to the sale, lease, or contract. At the time of renewal of any such sale, lease, or contract, the education district board may enter into or renew such sale, lease, or contract only if it falls within one of the enumerated exceptions for contracts relating to goods or services provided above and if the procedures provided in this policy are followed.

## **VI. DETERMINATION AS TO WHETHER A CONFLICT OF INTEREST EXISTS**

The determination as to whether a conflict of interest exists is to be made by the education district board. Any education district board member who has an actual or potential conflict shall notify the education district board of such conflict immediately. The education district board member shall thereafter cooperate with the education district board as necessary for the education district board to make its determination.

***Legal References:*** Minn. Stat. § 122A.40, Subd. 3 (Employment; Contracts; Termination)  
Minn. Stat. § 123B.195 (Board Member's Right to Employment)  
Minn. Stat. § 471.87 (Public Officers, Interest in Contract; Penalty)  
Minn. Stat. § 471.88, Subds. 2, 3, 4, 5, 12, 13, and 21 (Exceptions)  
Minn. Stat. § 471.89 (Contract, When Void)  
Op. Atty. Gen. 437-A-4, March 15, 1935  
Op. Atty. Gen. 90-C-5, July 30, 1940  
Op. Atty. Gen. 90-A, August 14, 1957

***Cross References:*** MSBA/MASA Model Policy 101 (Legal Status of the School Board)  
MSBA/MASA Model Policy 209 (Code of Ethics)